

## **REMARKS**

Reconsideration is respectfully requested.

### **I. Status of the Claims**

Claims 1 and 3- 7 are presently pending and rejected. Claim 2 is canceled. Claim 1 is amended. Claims 8 -14 are new. Support for these amendments can be found in Applicant's published specification at pg. 3, paragraphs [0026] and [0033], and pgs. 5-6, paragraph [0068]. No new matter is added.

### **II. Rejections under 35 U.S.C. §§ 102, 103**

Claims 1-7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rutz (U.S. 5,198,137) in view of Zhao ("Structure and magnetic properties of the oxide layers on iron ultrafine particles.") The Examiner contends that Rutz teaches a composition useful in making magnetic components, specifically "magnetic core components." The Examiner contends that Rutz discloses using iron particles, thermoplastic resin and a lubricant in the form of boron nitride and that furthermore, the iron particles are coated with a thermoplastic material where this material is present in an amount from 0.001-15 wt%. The Examiner also contends that Rutz states that boron nitride is a useful lubricant in the amount of under 1 wt%, where the particle size is below 20 microns.

The Examiner admits that Rutz does not teach an insulating coating containing metallic salt phosphate or oxide. The Examiner does state that Zhao teaches that iron particles necessarily have an oxide layer on their outer surface when they are allowed to

react with oxygen in the atmosphere, even at room temperature. The Examiner contends that one of ordinary skill in the art would expect that iron particles, such as those used by Rutz would necessarily have a thin oxide insulating layer on the outer surface.

Applicant respectfully traverses the rejection.

The Examiner states that iron particles necessarily have an oxide layer on their outer surface; this means that iron particles necessarily have an iron oxide layer on their outer surface. Claim 1 has been amended to claim an insulation coating containing a metallic phosphate. As neither Rutz nor Zhao disclose or suggest this claimed coating, claim 1 is not made obvious by the combination of Rutz and Zhao and stands in condition for allowance. Claims 3-8 depend from allowable claim 1, and are allowable for at least this reason.

New independent claim 9 claims a soft magnetic material having an insulative coating containing one of the following: silicon oxide, titanium oxide, aluminum oxide or zirconium oxide. Because neither Rutz or Zhao disclose or suggest this claimed coating, claim 9 is also allowable. Claims 10-14 depend from allowable claim 9 and are allowable for at least this reason.

**CONCLUSION**

In view of the above amendments and remarks, Applicants believes the pending application is in condition for allowance. If there are any remaining issues which the Examiner believes could be resolved through either a Supplemental Response or an Examiner's Amendment, the Examiner is respectfully requested to contact the undersigned at the telephone number indicated below.

The Commissioner is authorized to charge any deficiency or credit any excess in this fee to Deposit Account No. 04-0100.

Dated: December 9, 2008

Respectfully submitted,

By 

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